



REQUEST FOR CATEGORICAL EXCLUSION

PROJECT/ACTIVITY DATA

Project/Activity Name:	Bicycles for Growth
Geographic Location(s) (Country/Region):	Malawi
Amendment (Yes/No), if Yes indicate # (1, 2...):	No
Implementation Start/End Dates (FY or M/D/Y):	10/2021-9/2026
If Amended, specify New End Date:	
Solicitation/Contract/Award Number(s):	7200AA21FA00019
Implementing Partner(s):	World Bicycle Relief
Bureau Tracking ID:	DDI-23-427
Tracking ID of Related RCE/IEE (if any):	DDI-21-160
Tracking ID of Other, Related Analyses:	

ORGANIZATIONAL/ADMINISTRATIVE DATA

Implementing Operating Unit(s): (e.g. Mission or Bureau or Office)	DDI/ITR/I
Other Affected Operating Unit(s):	USAID/Malawi
Lead BEO Bureau:	DDI
Funding Operating Unit(s): (e.g. Mission or Bureau or Office)	DDI/ITR/I
Funding Account(s) (if available):	FY20 and FY21 DA EG.5
Original Funding Amount:	
If Amended, specify funding amount:	
If Amended, specify new funding total:	
Prepared by:	William Day
Date Prepared:	May 19, 2023

ENVIRONMENTAL COMPLIANCE REVIEW DATA

Analysis Type:	<input checked="" type="checkbox"/> Request for Categorical Exclusion <input type="checkbox"/> Deferral		
Environmental Determination(s):	<input checked="" type="checkbox"/> Categorical Exclusion(s) <input type="checkbox"/> Deferred (per 22 CFR 216.3(a)(7)(iv))		
RCE Expiration Date (if applicable):			
Additional Analyses/Reporting Required:			
Climate Risks Identified (0):	Low <u>2</u>	Moderate <u>0</u>	High <u>0</u>
Climate Risks Addressed (0):	Low <u>2</u>	Moderate <u>0</u>	High <u>0</u>

THRESHOLD DETERMINATION AND SUMMARY OF FINDINGS

PROJECT/ACTIVITY SUMMARY

In September 2021, USAID issued an award to World Bicycle Relief, in partnership with J.E. Austin Associates and local partners, to research and analyze the supply, demand, and supporting systems for bicycles in five sub-Saharan countries. This research was to inform the design and implementation of scalable pilot projects in four to six localities (district level or smaller) across two of these countries with the goal of reducing barriers to increased bicycle supply and uptake.

The Assessment phase (Activity 1) which included research on the supply, demand, and supporting systems for access to bicycles in Ghana, Malawi, Rwanda, Uganda, and Zambia was recently completed in April 2023. Beginning in mid-2023, World Bicycle Relief plans to begin the Pilot phase (Activity 2). Activity 1 received a Categorical Exclusion (DDI-21-160) and Activity 2 received a Deferral (DDI-21-160) in September 2021. **The purpose of this document is to request a Categorical Exclusion for Activity 2 and to lift the prior deferral for Activity 2**

During the Pilot phase, World Bicycle Relief will work in Malawi to address two of the most common constraints to efficient, inclusive growth in the bicycle market system: the affordability of quality, fit-for-purpose bicycles, and the affordability of durable spare parts as learned from the Assessment phase. Using a market-based approach, World Bicycle Relief will address these constraints through three primary sub-activities:

- Catalyze the creation of consumer financial products targeting qualified lower-income individuals and women for the purchase of bicycles through formal partnerships between financial service providers, member-based organizations, and anchor firms.
- Partner with Malawi's Technical, Entrepreneurial, and Vocational Education and Training Authority (TEVETA) to create a TEVETA-run program that will train and certify bicycle mechanics. The program will link certified mechanics with financial service providers so mechanics can hold and sell spare parts inventory. Buffalo Bicycle will also offer discounted pricing to certified mechanics, so they are better able to afford and sell durable spare parts to consumers.
- Support the Bicycle Market System Advisory Committee - established through the program - with technical assistance, planning, and advocacy support.

ENVIRONMENTAL DETERMINATIONS

Upon approval of this document, the determinations become affirmed, per Agency regulations (22 CFR 216).

TABLE 1: ENVIRONMENTAL DETERMINATIONS

Projects/Activities	Categorical Exclusion Citation (if applicable)	Deferral ¹
Activity 1: <i>Assessment Phase (completed and received prior 22 CFR 216 concurrence)</i>	§216.2(c)(2)(iii) Analyses, studies, academic or research workshops and meetings	<input type="checkbox"/>

¹ Deferrals must be cleared through an Amendment to this RCE prior to implementation of any deferred activities.

Activity 2: Pilot Phase	§216.2(c)(2)(ii) Controlled experimentation exclusively for the purpose of research and field evaluation which are confined to small areas and carefully monitored; and, §216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)	<input type="checkbox"/>
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CLIMATE RISK MANAGEMENT

Sub-Saharan Africa has experienced multiple vulnerabilities to climate change with dependence on rainfed agriculture, increases in temperature, and volatile rainfall. These climatic features affect power sources, agricultural production, and water-borne disease transmission among other socio-economic factors. Decreased agricultural productivity is anticipated to increase poverty in the region. In addition, the Lake Victoria Basin has seen particular effects of drought on food shortage, and malaria is expected to increase there as well as in the East African highlands. While bicycling has the potential to reduce carbon emissions as clean transportation, climate change has the potential to affect bicycling in Sub-Saharan Africa by creating adverse weather and climatic conditions that may damage cycling infrastructure.

Country-specific highlights can be found in Section 2.2 Climate Risk Management of this document.

A Climate Risk Management screening is required per the mandatory reference for ADS Chapter 201: Climate Risks Management (CRM) for USAID projects and activities. The project-level CRM noted low climate risks. The CRM summary table is attached in Annex 1.

BEO SPECIFIED CONDITIONS OF APPROVAL

COVID-19 Condition: In order to reduce COVID-19 transmission during implementation of this project, it is recommended that the IP adhere to current, applicable COVID-19 guidelines. Such measures may include, but are not limited to social distancing, use of personal protective equipment, limiting the size of gathering and travel, and effective disinfection.

The implementing partner should follow:

- Applicable COVID-19 guidance from the USAID Mission or U.S. Embassy;
- Applicable COVID-19 guidance from local authorities;
- The Agency-wide “COVID-19 GUIDANCE FOR IMPLEMENTING PARTNERS PAGE” page on the USAID website:
<https://www.usaid.gov/work-usaid/resources-for-partners/covid-19-guidance-implementing-partners>

IMPLEMENTATION

In accordance with 22 CFR 216 and Agency policy, the conditions and requirements of this document become mandatory upon approval. This includes the relevant limitations, conditions and requirements in this document as stated in Section 3 of this RCE and any BEO Specified Conditions of Approval.

USAID APPROVAL OF INITIAL ENVIRONMENTAL EXAMINATION

ACTIVITY NAME: ___ Bicycles for Growth _____

Bureau Tracking ID: _DDI-23-427 _____

Approval:	<u>CLOTT</u>	<u>6/13/2023</u>
	Catie Lott, Innovation Division Director, DDI/ITR/I	Date

Clearance:	<u>W Day</u>	<u>6/13/2023</u>
	William Day, A/COR	Date

Clearance:	<u>clear</u>	<u>6/30/2023</u>
	Adrienne Antoine, CIL [required]	Date

Concurrence:	<u>cleared</u>	<u>7/5/2023</u>
	Carol Zurawski, DDI Bureau Environmental Officer [required]	Date

DISTRIBUTION:

Malawi MEO, Africa Regional BEO

1.0 PROJECT AND ACTIVITY DESCRIPTION

1.1 PURPOSE OF THE RCE

The purpose of this document is to establish that all proposed projects/activities belong to classes of actions eligible for Categorical Exclusions as set out in Agency regulations (22 CFR 216.2(c)) and that there are no foreseeable significant direct or indirect impacts that would preclude them from receiving a Categorical Exclusion. Upon approval of this document, the Categorical Exclusions are affirmed for the project/activity. This analysis also documents the results of the project/activity level Climate Risk Management process in accordance with USAID policy (specifically, ADS 201 mandatory reference 201mal).

Activity 1 received a Categorical Exclusion (DDI-21-160) and Activity 2 received a Deferral (DDI-21-160) in September 2021. **The purpose of this document is to request a Categorical Exclusion for Activity 2 and lift the prior deferral for Activity 2.**

This RCE is a critical element of USAID's mandatory environmental review and compliance process meant to achieve environmentally sound activity design and implementation.

1.2 PROJECT/ACTIVITY OVERVIEW

In September 2021, USAID issued an award to World Bicycle Relief, in partnership with J.E. Austin Associates, and local partners, to research and analyze the supply, demand and supporting systems for bicycles in five sub-Saharan countries. This research was to inform the design and implementation of scalable pilot projects in four to six localities (district level or smaller) across two of these countries with the goal of reducing barriers to increased bicycle supply and uptake.

1.3 PROJECT/ACTIVITY DESCRIPTION

The Assessment phase (Activity 1) which included research on the supply, demand, and supporting systems for access to bicycles in Ghana, Malawi, Rwanda, Uganda, and Zambia was recently completed in April 2023. Beginning in mid-2023, World Bicycle Relief plans to begin the Pilot phase (Activity 2). Activity 1 received a Categorical Exclusion and Activity 2 received a Deferral (DDI-21-160) in September 2021. The purpose of this document is to request a Categorical Exclusion for Activity 2.

During the Pilot phase, World Bicycle Relief will work in Malawi to address two of the most common constraints to efficient, inclusive growth in the bicycle market system: the affordability of quality, fit-for-purpose bicycles, and the affordability of durable spare parts as learned from the Assessment phase. Using a market-based approach, World Bicycle Relief will address these constraints through three primary sub-activities:

- Catalyze the creation of consumer financial products targeting qualified lower income individuals and women for the purchase of bicycles through formal partnerships between financial service providers, member-based organizations, and anchor firms,

- World Bicycle Relief will initially focus efforts on one financial sector partner. They anticipate selecting a partner and supporting that partner on marketing, monitoring of loans and repayment rates and iteration of the product based on buyer feedback, etc. The number of loans they are targeting depends on a number of factors such as the number of locations/branches the partner has, Malawi's harvest, and partner level of engagement among others, but the goal is to have around 400 to 800 loans and bicycles sold.
- Partner with Malawi's Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) to create a TEVETA-run program that will train and certify bicycle mechanics. The program will link certified mechanics with financial service providers so mechanics can hold and sell spare parts inventory. Buffalo Bicycle will also offer discounted pricing to certified mechanics, so they are better able to afford and sell durable spare parts to consumers, and
- Support the Bicycles For Growth-established Bicycle Market System Advisory Committee's advocacy efforts through the provision of technical assistance and by aiding in the committee's development of an advocacy toolkit and detailed dissemination implementation plan.

TABLE 2: DEFINED ACTIVITIES AND SUB-ACTIVITIES

Project/Activity 1: <i>Assessment Phase (completed and received prior 22 CFR 216 clearance)</i>
<ul style="list-style-type: none"> ● Sub-activity 1.1: Research and analyze market systems in five countries ● Sub-activity 1.2: Stakeholder dialogue to determine issues for applied research and locations for assessments ● Sub-activity 1.3: Assessments with deep analysis of specific localities in five countries and analysis of national level issues relevant to the market system ● Sub-activity 1.4: Design interventions to be implemented in two countries in pilot phase
Project/Activity 2: <i>Pilot Phase</i>
<ul style="list-style-type: none"> ● Sub-activity 2.1: Develop consumer financial product(s) for the purchase of bicycles ● Sub-activity 2.2: Support the development of a training and certification program for bicycle mechanics ● Sub-activity 2.3: Advocate for increased access to bicycles

2.0 ENVIRONMENTAL ANALYSIS

2.1 JUSTIFICATION FOR CATEGORICAL EXCLUSION

The activities under the Bicycles for Growth are among the classes of actions listed in 22 CFR 216.2(c)(2) and have no foreseeable significant direct or indirect adverse effect on the environment. Therefore, under 22 CFR 216.2(c)(1), neither an IEE nor an EA will be required for these activities. Instead, a Categorical Exclusion is recommended for the projects/activities described above in Section 1.3 as follows:

TABLE 3: RECOMMENDED DETERMINATION FOR CATEGORICAL EXCLUSION

Activity and Sub-Activity #	Recommended Determination for Categorical Exclusion
Project/Activity 2: Pilot Phase: Sub-activity 2.1: Develop consumer financial product(s) for the purchase of bicycles Sub-activity 2.3: Advocate for increased access to bicycles	§216.2(c)(2)(i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)
Project/Activity 2: Pilot Phase: Sub-activity 2.2: Support the development of a training and certification program for bicycle mechanics	§216.2(c)(2)(ii) Controlled experimentation exclusively for the purpose of research and field evaluation which are confined to small areas and carefully monitored
Activity 1: Assessment Phase (completed and received prior 22 CFR 216 concurrence)	§216.2(c)(2)(iii) Analyses, studies, academic or research workshops and meetings

2.2 CLIMATE RISK MANAGEMENT

Sub-Saharan Africa has experienced multiple vulnerabilities to climate change with dependence on rainfed agriculture, increases in temperature, and volatile rainfall as common themes across the region. These climatic features affect power sources, agricultural production, and water-borne disease transmission among other socio-economic factors. Decreased agricultural productivity is expected to increase poverty in the region. In addition, the Lake Victoria Basin has seen drought cause food shortages, and malaria is expected to increase there as well as in the East African highlands. Furthermore, climate change has the potential to affect bicycling in Sub-Saharan Africa by creating adverse weather and climatic conditions that may damage cycling infrastructure.

The key issues affecting Malawi include:

- Increased intensity of flooding and droughts
- Majority of agriculture is rainfed, considering agriculture is the economy's contributor of 40% GDP
- Higher temperatures, droughts, and erratic rainfall affect power supply, agricultural production, fisheries, forestry and wildlife.
- Most vulnerable regions include areas

A climate risk management screening is required per the mandatory reference for ADS Chapter 201: climate risks management (CRM) for USAID projects and activities. The project-level CRM noted low climate risks. The CRM summary table is attached in Annex 1.

This section summarizes the methodology used and findings of the CRM screening (see Annex 1). The project design team, in consultation with the CIL, considered the potential effect of climate risks/stressors on the sustainability of the project (changing precipitation patterns, rising temperature, floods, droughts, fires, landslides, etc.) In addition to the impact of project activities on the climate (increased greenhouse gas emissions, land use changes, etc.).

3.0 LIMITATIONS OF THE CATEGORICAL EXCLUSION

The categorical exclusions recommended in this document apply only to projects/activities and sub-activities described herein.

Other projects/activities that may arise must be subject to an environmental analysis and the appropriate documentation prepared and approved, whether it be a new Request for Categorical Exclusion, an amendment, or other type of 22 CFR 216 document.

It is confirmed that the projects/activities described herein do not involve actions normally having a significant effect on the environment, including those described in 22 CFR 216.2(d).

3.1 MANDATORY INCLUSION OF ENVIRONMENTAL COMPLIANCE REQUIREMENTS IN SOLICITATIONS, AWARDS, BUDGETS, AND WORK PLANS

USAID will ensure the environmental compliance requirements are incorporated into solicitations, awards, budgets, and work plans, including relevant limitations of Section 3 above. In addition, climate risk management requirements will also be incorporated.

3.2 GENERAL IMPLEMENTATION & MONITORING REQUIREMENTS (IF APPLICABLE)

USAID will ensure that the following requirements are met:

- Provide briefings for Implementing Partner (IP) on environmental compliance responsibilities
- Ensure integration of compliance responsibilities in prime and sub-awards and grant agreements;
- Ensure compliance with applicable partner country requirements
- Annual review of project activities to ensure that scope is still covered by Categorical Exclusion

ATTACHMENTS:

Annex 1: Climate Risk Management Summary Table

ANNEX 1. **PROJECT** CLIMATE RISK MANAGEMENT SUMMARY TABLE

Defined or Anticipated Project Elements ²	Climate Risks ³	Risk Rating ⁴	How Risks are Addressed at Project Level ⁵	Further Analysis and Actions for Activity Design/ Implementation ⁶	Opportunities to Strengthen Climate Resilience ⁷
<p>Activity 1, Assessment Phase: Research and analyze the supply, demand and supporting systems for bicycles in five sub-Saharan countries</p> <ul style="list-style-type: none"> • Sub-activity 1.1: Research and analyze market systems in five countries • Sub-activity 1.2: Stakeholder dialogue to determine issues for applied research and locations for assessments • Sub-activity 1.3: Assessments with deep analysis of specific localities in five countries and analysis of national level issues relevant to the market system • Sub-activity 1.4: Design interventions to be implemented in two countries in pilot phase 	<p>External to the project, each of the five countries may suffer increased extreme weather-related events that may delay assessment implementation if field work cannot be accessed or bicycles are unable to access/use roads and paths</p>	<p>Low</p>	<p>Assessments will be staggered and we can delay activities if a weather event causes a change to the assessment schedule</p>	<p>Adaptation of assessment schedule; adjusting pilot selection based on risks of extreme weather-related events</p>	<p>Promoting use of bicycles could reduce use of motorized transport in rural areas Fit-for-purpose bicycles can provide access to weather-stricken areas</p>

² Purpose/Sub-purpose, Area of Focus, or Activity/ Mechanism, etc.

³ List key risks related to the project elements identified through either the strategy- or project-level climate risk assessment.

⁴ Low/Moderate/ High

⁵ Describe how risks have been addressed at the project level. If a decision has been made to accept the risk, briefly explain why.

⁶ Describe CRM measures to be integrated into activity design or implementation, including additional analysis, if applicable.

⁷ Describe opportunities to achieve development objectives by integrating climate resilience or mitigation measures.

Activity 2, Pilot Phase	Pilot locations may suffer increased extreme weather-related events that may delay pilot implementation if the locations cannot be accessed or bicycles are unable to access/use roads and paths	Low	Pilots will provide valuable input on climate change impact and resilience by studying use of bicycles during and after extreme weather-related events. Local partners will continue pilot activities during or immediately after such events, as soon as bicycles can be used	Pilots will analyze bicycle use during and after extreme weather-related events	Increasing use of bicycles could reduce use of motorized transport in rural areas
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